(Cabinet Order No. 490

of 7 July 2021)

**Digital Transformation Guidelines for 2021–2027**

**1. Introduction**

Digital transformation affects all economic sectors and everyday life, work, and communication of people. The NDP 2027[[1]](#footnote-1) identifies future development of digitalisation as a transversal element in relation to all sectors, in particular such sectors as innovation and science, education, health care, inclusive society, and labour market, infrastructure, regional development, safety as well as environment and energy. In turn, the DEP 2027[[2]](#footnote-2) refers to digitalisation as a driver with a cross-sectoral impact. Integration of digitalisation in sectoral policies will be both a challenge in all the abovementioned areas and a significant catalyst for their development.

The Digital Transformation Guidelines for 2021–2027 (hereinafter – the Guidelines) outline the following vision:

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| **A beneficial and modern living space has been established on the basis of the use of modern technologies and the capacities of the developed society to create its own welfare and economic growth effectively by taking advantage of the opportunities provided by digital technologies, and also developing its creative potential.** |

**The following overarching objective has been identified in the Guidelines:**

Such society, national economy, and public administration have been established which use the existing opportunities of digital technologies, including the environment created by them, and establish new ones in a targeted manner, improving the quality of life for all individuals and the society as a whole, boosting the competitiveness of the country and national economy.

The amount of the financing available is an important aspect in the achievement of the vision and objectives identified in the Guidelines.

The Guidelines focus on the objective of the action direction of the NDP 2027: public administration transformed through digitalisation, a well-managed organisational and technological ecosystem which is internally integrated and externally open to the creation of the common value, innovations, and user-oriented access to the provision of public services both in physical and digital environment. This is related to opening platforms of public administration (hereinafter the concept “public administration” also includes local governments and private individuals entrusted with public administration tasks) to merchants, involvement and integration in European Data Spaces and Cloud Federation which combines resources of its members in HPC development and application, and also the use of the European Digital Innovation Hubs and their network for the expansion and testing of technologies.

In addition, connectivity will have an important role as well, and it has been defined as the objective of the action direction in the NDP 2027 envisaging development of a broadband electronic communications infrastructure which conforms to the EU connectivity objectives. Thus an indicator of 99 % has been specified by 2027, ensuring “use of fixed broadband networks with a speed of at least 100 Mb/s and continuous 4G coverage on State motor roads and local government roads”.

It has been concluded in the progress report on the implementation of the NRP[[3]](#footnote-3) that significant improvements in the field of digital public services have been made in Latvia and the average indicator of the EU Member States has been considerably exceeded owing to the active use of e-governance solutions and the availability of open data in the State Open Data Portal, providing access to data sets and metadata of public administration and allowing to connect them with other data sets. Further measures are taken with the objective of increasing efficiency of public administration through effective use of cloud computing services in order to reduce the administrative burden and create a business environment which is more favourable to entrepreneurs, including SMEs.

The NRP progress report states that Latvia will continue investing funds so that even more citizens would use e-governance services. 83% of Internet users (in comparison with 67 % in the EU) used e-governance services[[4]](#footnote-4). Such results have been achieved by implementing an extensive programme of communication and learning activities “Mana Latvija. Dari digitāli!”[[5]](#footnote-5) (My Latvia. Do it Digitally!) during the period from 2018 to 2020 within the scope of which training was provided to 6000 employees of public administration and courts, teachers, librarians, representatives of NGOs, and journalists with the objective of improving their knowledge of digital solutions so they could help people to switch from the use of on-site services to the use of digital services. The programme offered information and video instructions on more than 800 e-services and combined, in cooperation, communication regarding more than 30 digital solutions created by public institutions.

In contrast, Latvian merchants do not fully use their potential of digitalisation, as evidenced by lagging behind from the average indicator of the EU, and there has been no substantial progress achieved in the integration of digital technologies in enterprises. The Latvian merchants still fail to fully realise the potential of selling their products and services online, and they are significantly lagging behind the average indicator of the EU in terms of e-commerce among SMEs and the turnover related thereto. Only 11 % of SMEs sell their products online which is less than the average indicator of the EU of 17.5%. The proportion of the SMEs which make cross-border sales is still lower than the average indicator of the EU (only 6.6 % of all SMEs in comparison with 8.4 % across the EU), and only 5.3 % of the SMEs turnover on average comes from the online segment. Merchants make use of the electronic information exchange, cloud computing services, and social media in a limited manner, and only 7.7 % of merchants use large data.

Improvements in the integration of digital services among merchants are limited due to the lack of highly qualified specialists. Almost half of all Latvian merchants that are seeking to recruit ICT specialists report difficulties in filling their vacancies. Moreover, 17.7 % of merchants provide their staff with training in order to improve and increase its ICT skills which is considerably less than the average indicator of the EU of 23.9 %. The lack of ICT specialists is also apparent in employment indicators, since their share in total employment is significantly smaller than the average indicator of the EU – 1.7 % in comparison with 3.9 % (see Sub-chapter 3.3). This could be an obstacle to investments and innovation and might limit dissemination of digital solutions improving productivity among merchants. This shortage will likely get worse in the future due to the strong increase in demand.

Addressing of ICT issues and challenges in local governments is a topical and important component of these Guidelines which has been viewed together with the overall ICT development of public administration. Introduction of the intended sharing solutions is a step towards improvement of the existing long-term situation.

In order to address the abovementioned problems, the Guidelines have been developed to lay down the digital transformation policy of Latvia for the time period from 2021 to 2027 with the objective of identifying areas where action is required and planned, and also outlining the action necessary in the future taking of which depends on possibilities to take it on the basis of future possibilities for using the State budget and other financial instruments.

The Guidelines were developed under authority of the Ministry of Environmental Protection and Regional Development by the working group in cooperation with the sectoral ministries and representatives of sectoral associations (overall, more than 200 persons were involved in the development process).

The Guidelines build upon the provisions approved in the NDP 2027 and take into account the sustainable development goals of Latvia until 2030 outlined in the Strategy 2030[[6]](#footnote-6). The Guidelines have been coordinated with the Operational Programme for Latvia 2021–2027. The Guidelines have been developed, taking into account the digital development priorities identified in the Digital Europe Programme[[7]](#footnote-7), the EU’s Digital Strategy[[8]](#footnote-8), and the Annual Sustainable Growth Strategy 2020[[9]](#footnote-9), and also the conclusions reflected and recommendations made in the progress report on the implementation of the NRP[[10]](#footnote-10).

The action policy proposals which have been developed by the working group chaired by Ieva Ilvesa, Advisor on Digital Policy to the President of Latvia, have also been taken into account in the development of the Guidelines.

The Central Statistical Bureau of Latvia and Eurostat data, and also data and quantitative information of other indicated sources have mainly been used in the Guidelines.

**Link-up with other development planning documents:**

• Sustainable Development Strategy of Latvia until 2030 (approved by the *Saeima* on 10 June 2010);

• NDP 2027 (approved by the *Saeima* on 2 July 2020);

• National Industrial Policy Guidelines (NIP) 2027;

• Regional Policy Guidelines 2021–2027;

• Science, Technological Development, and Innovation Guidelines 2021–2027;

• On Guidelines for the Development of a Cohesive and Civically Active Society 2021–2027;

• On Service Environment Improvement Plan 2020–2023;

• Geospatial Information Development Concept of Latvia;

• Development Cooperation Policy Guidelines 2021–2027;

• Education Development Guidelines 2021–2027 “Future Skills for Future Society” (approved by the *Saeima* on 21 April 2021).

**Link-up with other development planning documents which are in the development phase:**

• Cultural Policy Guidelines 2021–2027;

• Guidelines for the Development of Public Administration 2021–2027;

• Transport Development Guidelines 2021–2027;

• Social Protection and Labour Market Policy Guidelines 2021–2027;

• Environmental Policy Guidelines 2021–2027;

• Public Health Guidelines 2021–2027.

**Link-up with other EU development planning documents:**

• 2030 Digital Compass: the European way for the Digital Decade COM(2021) 118 final;

• Copernicus EU’s programme for monitoring environment and Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE);

• Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027;

• Proposal for a Regulation of the European Parliament and of the Council establishing the Digital Europe programme for the period 2021–2027, Brussels, 6.6.2018 COM/2018/434 final 2018/0227 (COD);

• Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility COM(2020) 408 final.

**Link-up with other international documents**

• Organisation for Economic Co-operation and Development, Review of Digital Transformation of Latvia “Going Digital in Latvia (2021)”;

• Organisation for Economic Co-operation and Development, Public Governance Policy Papers No. 02. *The OECD Digital Government Policy Framework: Six dimensions of a Digital Government (2020).*

The Guidelines have been designed as a horizontal policy planning document combining the digital component of the guidelines already developed and still being developed by other ministries. Action Direction “Innovations, ICT industry, and ICT science” has been created in accordance with the Science, Technological Development, and Innovation Guidelines 2021–2027 and NIP 2027; the Guidelines, Action Direction 4.5.2: Smart cities, smart mobility, autonomous vehicles, testing landfills, and regulatory sandboxes linked to the Regional Policy Guidelines 2021–2027, Action Direction 4.4.7: Machine translation and language technologies linked to the Cultural Policy Guidelines 2021–2027. The action and tasks included in each of the abovementioned action directions will ensure the fulfilment of the criteria specified in the investment enabling pre-condition No. 1 “Good governance of national or regional smart specialisation strategy” which has been laid down in Annex IV “Thematic enabling conditions applicable to ERDF, ESF+ and the Cohesion Fund – Article 11(1)” to the Common Fund Regulation[[11]](#footnote-11).

**2. Summary**

**The Guidelines are a medium-term policy planning document** which determines the digital transformation policy (development of information society) of Latvia covering the time period from 2021 to 2027. The Guidelines build upon the settings, action directions, and objectives in the digital transformation policy which have been approved in the NDP 2027.

The Guidelines will be implemented mainly by attracting resources from the EU funds and private financing, and also the State budget financing the allocation of which is examined by the Cabinet during preparation of the draft laws on the annual State budget and medium-term State budget framework together with applications for priority measures submitted by all ministries and central public institutions in conformity with the financial possibilities of the State budget.

Planning of financial investments results from the planning of the NDP 2027[[12]](#footnote-12) activities by detailing and supplementing it in respect of the digital transformation activities. The Guidelines define directions and areas of the digital priority intervention specified in the Europe’s Multiannual Financial Framework 2021–2027.

**The Guidelines determine a common policy for the digital development of public administration, national economy, and society.** It will provide a possibility for any inhabitant to acquire the necessary skills in any stage of life according to the need for use of the possibilities provided by digital transformation, while merchants will be offered a proper digital environment which will increase their capacity to develop more competitive services and solutions, but public administration will be provided with a transition from digitalisation solutions of institutions and State to the establishment of an open ecosystem. Thus the development of public-private partnerships will be promoted by combining the knowledge and resources accumulated in public administration and private sector for the creation of innovative digital services and solutions, encouraging creation of a society which is ready to use the available digital tools and constantly acquire new ones for life in the circumstances of a digital society, economy, and administration, establishing a common ecosystem for State and commercial services.

On the basis of analysis of the current situation and taking into account future challenges and possible development scenarios, **the following five development areas have been identified for the implementation of the Guidelines**:

1. Digital skills and education.

2. Digital security and trust.

3. Availability of telecommunications services.

4. Digital transformation of economy (including public administration).

5. Innovations, ICT industry, and ICT science.

**The Guidelines consist of an introduction, a summary, a description of future scenarios and challenges, and five development areas** that include a description of the current situation, formulations and outlines of the objective and five development areas of digital transformation, and also a section of digital transformation management. Annexes contain a summary of the intended policy results, performance-based indicators, and tasks for each development area.

For the purpose of financing the support directions set out in the Guidelines, financing of other financial sources may be attracted as well. Implementation of optimisation and restructuring of the management processes provided within the scope of the Guidelines will facilitate more efficient and effective use of funds from the State budget for the development of ICT sector in the long term.

The action directions included in the Guidelines are complementary. For example, the planed objectives for the development of digital skills will facilitate achievement of the objectives set within the scope of other development areas, for example achievement of the objective and vision identified in the Action Direction 4.5 “Innovations, ICT industry, and ICT science”, Action Direction 4.4.11 “Promotion of Digitalisation of Commercial Activity”, and Action Direction 4.4.13 “Digitalisation of Educational Processes”. The importance of digital skills is highlighted in all development and action directions referred to in the Guidelines. Skills are a key element not only to the expansion of the developed technologies for the needs of all inhabitants but they also help to perform significant social transformation in order for the society and its basic values and needs the improvement of which is facilitated by technologies indirectly to adapt along with the technological breakthrough.

1. National Development Plan for 2021–2027: https://www.pkc.gov.lv/sites/default/files/inline-files/20200204\_NAP\_2021\_2027\_gala\_redakcija\_projekts.pdf [↑](#footnote-ref-1)
2. Digital Europe programme (2021–2027): https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018AR3951 [↑](#footnote-ref-2)
3. The Latvian National Reform Programme for Implementation of Europe 2020 Strategy was approved by the Cabinet on 26 April 2011 concurrently with the Convergence Programme of Latvia 2011–2014 and submitted to the EC on 29 April 2011 [↑](#footnote-ref-3)
4. EC, Digital Economy and Society Index (DESI) 2020, available: https://ec.europa.eu/digital-single-market/en/scoreboard/latvia [↑](#footnote-ref-4)
5. “Mana Latvija. Dari digitāli!”: https://mana.latvija.lv/par-mums/ [↑](#footnote-ref-5)
6. Strategy 2030: https://www.pkc.gov.lv/sites/default/files/inline-files/Latvija\_2030\_7.pdf [↑](#footnote-ref-6)
7. Digital Europe programme (2021–2027): https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018AR3951 [↑](#footnote-ref-7)
8. The EU’s Digital Strategy contains a statement on shaping Europe’s digital future, a statement on European strategy for data, and White Paper on Artificial Intelligence: https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age\_lv [↑](#footnote-ref-8)
9. Annual Sustainable Growth Strategy 2020: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392227719&uri=CELEX%3A52019DC0650 [↑](#footnote-ref-9)
10. The Latvian National Reform Programme for Implementation of Europe 2020 Strategy was approved by the Cabinet on 26 April 2011 concurrently with the Convergence Programme of Latvia 2011–2014 and submitted to the EC on 29 April 2011. [↑](#footnote-ref-10)
11. Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument:https://eur-lex.europa.eu/legal-content/LV/TXT/HTML/?uri=CELEX:52018PC0375&from=EN [↑](#footnote-ref-11)
12. Cross-Sectoral Coordination Centre, National Development Plan for 2021–2027: https://www.pkc.gov.lv/sites/default/files/inline-files/NAP2027\_apstiprin%C4%81ts%20Saeim%C4%81\_1.pdf [↑](#footnote-ref-12)